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Next 1 Page(s) In Document Denied

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9 JAN 1989

The Honorable William H. Webster
Director of Central Intelligence
Washington, D.C. 20505

Dear Mr. Webster:

The Central Intelligence Agency Retirement Act of 1964 for Certain Employees authorized the Director of Central Intelligence to establish and maintain a special retirement system for a limited number of employees. Both the Congress and the Agency contemplated that the new retirement system would apply to about thirty percent of Agency employees.

In 1976 the House Armed Services Committee directed the Agency to make annual studies and to submit reports on its administration of the special retirement system, with particular reference to the manner in which the Agency has exercised its discretion to designate employees for participation. This is the thirteenth in the series of reports, which is now submitted annually to the House Permanent Select Committee on Intelligence.

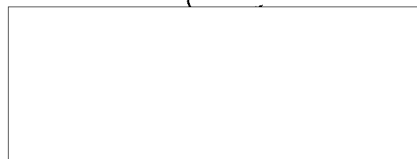
During fiscal year 1988 the Director of Personnel, assisted by the Central Intelligence Agency Retirement Board, has continued to apply strict criteria in the exercise of discretion to determine what service is qualifying for participation in the CIA Retirement and Disability System (CIARDS) or the special provisions of the Federal Employees Retirement System (FERS Special). After extensive review, this writer has found no deviations from the law, the regulations, or established Agency policy.

Participation of Agency employees in CIARDS has dropped from almost 35% in 1974 to about 17 percent in 1987. Employees retiring under CIARDS are about four and a half years younger than Agency employees retiring under the Civil Service Retirement System. A total of [] have retired under CIARDS or FERS Special since the CIARDS system was established in 1964.

CIARDS continues to be a valuable tool of personnel management, helping to keep the intelligence service young by facilitating early retirement.

It is my opinion that during Fiscal Year 1988 the Agency administered the Central Intelligence Agency Retirement and Disability System and the special provisions of the Federal Employees Retirement System in a manner wholly consistent with the intent of Congress.

Sincerely yours,



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Central Intelligence Agency

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30 JAN 1989

Washington, D.C. 20505

The Honorable Anthony Beilenson
Chairman
Permanent Select Committee on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Forwarded herewith is the annual report on the administration of the CIA Retirement and Disability System (CIARDS) for FY 1988. As he has done since 1986, [redacted] prepared the present report on the administration of CIARDS. We believe that having [redacted] again prepare the report was advantageous in terms of the continuity and expertise which he was able to bring to this undertaking.

I am pleased that [redacted] once more concluded that the Agency is continuing to administer the CIARD System in conformity with the law, the regulations, and the intent of Congress.

Sincerely,

/s/ William H. Webster

William H. Webster
Director of Central Intelligence

Enclosure:

Annual Review of Designation of Participants
under Section 203 of the CIA Retirement Act,
by [redacted] December 1988.

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ANALYSIS OF DESIGNATION OF PARTICIPANTS
UNDER SECTION 203 OF THE CIA RETIREMENT ACT

December 1988

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